

The People's Money.

By
JOHN W. de KAY.



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**A Brief Analysis of the
Present Position in America,**

**With some Observations on the
World-Organisation of Labour.**

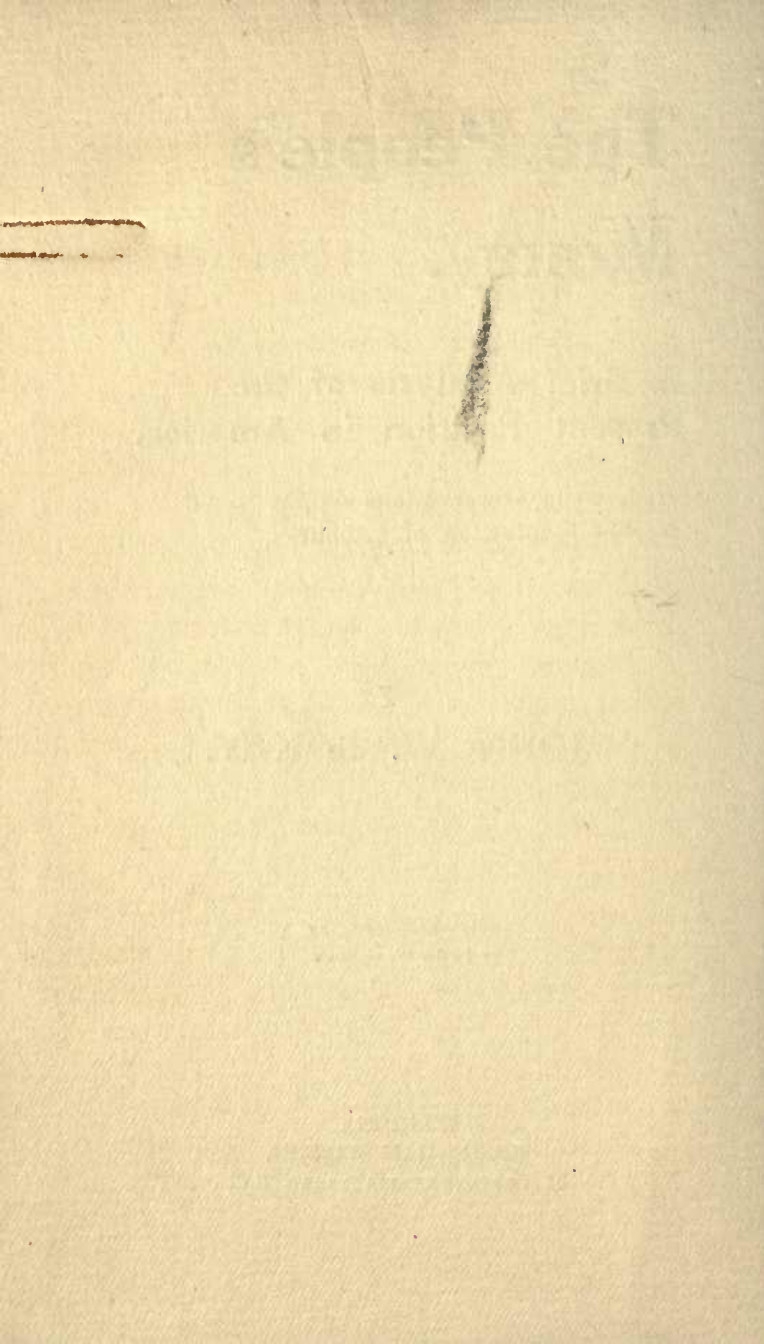
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THERE is an increasing feeling throughout the United States that there has developed in recent years a power with which the Government is unable to cope, and which is beyond the control of the public. The steps by which this power has been centred in the hands of a few men are little known or understood by the public at large, and the vast majority of the American people have no part in them, except that they are victims of a system by which they are legally robbed, and by which (if it is not stopped) they will be politically enslaved. There has been widespread inquiry, which has sought to get at the root of this hitherto undefined evil. It has been considered that the banking system in America was the basis upon which this evil was founded.

There has been a vast amount of legislation for the control of banks and banking, as a means by which the great aggregations of capital in the United States might be kept within reasonable bounds.

The difficulty with all of the inquiry and all of the legislation is that it has failed to measure the scope of this aggregated capital or to take adequate account of the means by which it has been concentrated.

Though not generally understood, it is a fact that the centralised control of capital through banks represents but a single unit in a huge system, and that the banks have been only one of the instruments employed to enable a relatively small number of men to gain a control which is almost inconceivable in its scope and power over the fortunes and the destiny of the commercial life of America.

Legislation, in order to be effective and in order to remedy to any considerable extent the grave conditions existing in America, must be more fundamental.

It is sound so far as it goes, to prescribe the conditions under which banks may loan their resources against the securities of cor-

porations, but legislation, in order to be of practical value, must go deeper than this. It must establish a new basis upon which securities may be created.

I go so far as to say that no system of banking laws can be devised to remedy existing conditions unless they are a part of a broad national system which deals with the formation and conduct of all important enterprises.

Private individuals in America organise banks and trust companies because they can through these banks and trust companies utilise their capital to a better advantage than by using it as private banking-houses. This is due chiefly to the public belief that through a system of Government regulation and control there is an added element of safety which does not exist as regards private banks. On the whole there are fewer failures of private banking-houses than of either National or State banks. But this is due chiefly to the fact that private banks are not as a rule the depositories of large sums of the people's money, but are rather principally devoted to finance outside of banking and to the placing of securities

of public corporations. The element of security which Government control is supposed to afford is one of the large factors in obtaining for organised banks the deposits of the general public, and these deposits, which are in normal times the principal strength and resource of all banks, become in times of trouble their chief peril.

In the great financial centres of America the relatively few men who a century ago would have been private bankers have now created the leading National and State banking institutions in all of these financial centres.

It frequently happens that the real owners of these banks do not appear either as officers or directors, but they exercise their control over these banks through men whom they have selected to carry out their policy.

These real owners of the banks are frequently engaged as prominent private bankers in New York and elsewhere. They undertake, as private bankers, the placing of great issues of securities with the public, and they use in these issues, directly and indirectly, the money of the people entrusted

to the National and State banks. The broad principle which I wish to make clear is that the evils attendant upon the concentration of wealth cannot be remedied by mere legislation designed to control National and State banks.

The part, great and important as it is, which is played by the National and State banks in furthering the plans of a few men in the United States is relatively small when considered in connection with the larger questions involved.

If these larger questions are not dealt with, banking legislation will be futile.

If a number of private individuals were to establish, for example, in New York, a private bank with capital and surplus equal to the leading National bank in New York, and if this private bank had as its partners the same men who constitute the board of the leading National bank in New York, they could not, through their private bank, obtain for themselves more than a very small fraction of the benefits which they now obtain through incorporating a part of their resources into a National bank. It is for this reason, chiefly, that they organise a

National bank.

In this National bank they have constantly on deposit not only large sums belonging to the commercial community, but also funds belonging to thousands of banks throughout the United States.

If these thousands of banks were to deposit their money in a private bank it would not be considered as "reserve" under the National Bank Act, and therefore it would not be deposited with a private bank.

There is in the United States a National bank with five million dollars of capital, which has on deposit with it upwards of 50 million dollars of money belonging to some thousands of other banks throughout the United States. This bank is, I believe, controlled by that small group of men which dictates the financial policy of America. I do not say that this bank is not sound or that it is not well managed, but I cite it merely as an illustration of the means by which a few men [with the investment of a relatively small amount of money, may be placed in control of the people's money to the extent of from 15 to 50 times the amount of their own capital involved. It is the

principle upon which these institutions may be created, and the use to which they may be put in the creation of public companies that is subject to criticism. Men of resources and power organise National banks, not primarily because they are in favour of the present system, but because they can, through this channel better than through any other, keep under their control, not only the resources which they invest in the National bank, but the great resources, by way of deposits, of the people's money, which, under the American system of banking, they could not secure in any other way.

This being, as it undoubtedly is, the position, it must follow that no legislation which is directed to the control and supervision of banks can be effective as a solution of the great problem in which banking control is only one of the important parts.

I propose to indicate the broad lines along which I believe it is necessary to proceed in order that corporation business and banking may be placed upon a sound basis as regards their relations to the whole people, and without violence to the

just interests of any part of the people.

The theory of this legislation must be that it shall not be designed for the purpose of transferring the power now in the hands of a few men into the hands of another class of men, but rather that it is legislation passed by a Government of the people and so conceived that it shall be legislation for the people. It should be so designed as to effectually prevent the present or any future group of men from doing what they are now able to do—namely, it should prevent the confiscation of the resources of the masses by making it impossible to create a security which represents nothing and exchange that security for what is the equivalent of accumulated toil.

I believe that, as the great resources of production, manufacture and distribution are now to an extent generally unrealised in the control of institutions created by the State, it is within the power of the people who constitute the State to enact, without violence and without hate, measures which are founded upon such broad principles of justice as will give to every member of society a fair equivalent for

what he contributes to the welfare of society and that they will give neither more nor less than this.

It is useless to say what is being said every day by able and prominent men throughout the country—that the roads which lead to power are, under our present system, open to all men. The truth is rather that in every society there are only a very small number of people capable of commanding or of using power, and, so far as the vast majority are concerned, for all the practical purposes of their lives, the roads which lead to power are and will for ever be closed. Legislation enacted by the people must deal with people as they are, and must recognise that what is wrong if obtained by a few men would be equally wrong if obtained by many men. It is the lot of the majority of men that to a greater or a less extent they must be controlled by other men. But we have given the ballot to the people, and we are under a Government where numbers are intended to be supreme.

It has been the purpose of the few to combine while they have kept the many

divided.

The great majority of men who do the real work of the world are content to have peace and a chance to labour, and, measured by a rational standard of living, they are satisfied with what in reality is a small part of the wealth they create.

Modern machinery and competition have tended to make men only so many units in a great system, and through modern corporations the individual has been absorbed and lost. But the time is coming when a few men will no longer be able to allocate to themselves and to their machines an arbitrary and undue part of all production while they distribute to the producers of that wealth a mere fraction of what they produce.

There is no greater fallacy than to say that men are created equal, but all men, regardless of the inequality of their natural endowments, have the right to work, and with it the right to receive a fair proportion of the result of that work.

It is too much to expect of human nature that the natural helplessness of the many will ever cause the few to voluntarily deal

with them, not as competitive units in a vast machine, but rather as men who have the right to live, to labour and to play.

What has been heretofore denied to the people as a whole may be obtained by them through the power now in their hands, if that power is exercised for the purpose of sound and effective control over those institutions which, under the authority of the State, have been organised and developed on lines which in principle are unsound and in operation unfair to the whole people.

I would like to be able to make it clear to the masses of men that they have, by dividing their power over what are really minor matters of government, failed to avail themselves of the use of that broad power which is in their hands for the enactment of measures which are fundamental to nations as a whole, and which vitally affect the chief interests of the great body of voters wherever they may be located and to whatever party they may belong.

I shall deal with National and State banking, and with corporations, and under these headings indicate the remedies which

the people may apply to solve the great problem of their generation, and by which they may bequeath to posterity a new heritage.

I have said somewhere that life insurance is love's tribute to death, but to the real rulers of America, who are enthroned in New York, life insurance means that the gathered millions of the American people are so much more power in a few hands, enabling them to extend their control to the farthest corners of the banking world in America, and to so increase their power that no great business can be carried on in America without their sanction. You must pay tribute to Wall Street if you would develop the resources of Texas and Dakota.

It is not necessary to deny to capital the right to name its price, but the great danger to American business and to the free institutions of this country is that a small group of men have, by the adroit use of the opportunities afforded by our new civilisation and our vast resources, so centred in themselves the financial power of the country that they are able to fix

terms which can prevent any individual enterprise on a large scale.

What I propose to show is that property and integrity combined have the right to credit, and that when the banking institutions of a country fall into such lines that a small group of men in a single city in that country have the power to prevent a man of integrity, ability and resources from obtaining any credit, the people must establish an institution which, upon sound lines, will be unable to discriminate against any man.

It is the boasted glory of the United States that it is a free country, but there is no country in the world in which men are, beyond a certain point, less free. It has been impossible for the people of the United States to establish a Parcel Post because it would interfere with the abusive monopoly now enjoyed by Express Companies, which are controlled in Wall Street. You can send a package by parcel post from London to New York and across the United States to San Francisco, a distance of more than seven thousand miles for less than it costs to send that package by Express one

hundred miles in the United States.

The telegraph monopoly is another product of Wall Street, which takes its huge toll from a patient people in a free country! There was a popular demand for Post Office Savings Banks, and a law establishing them was finally passed by Congress, but it was so cleverly devised in the interests of bankers, rather than to serve the people, that it is of little practical value. It is surrounded by such stupid restrictions and limitations as to prevent its general use. That is as the bankers intended it should be.

It has been the history of all people that they have lost their freedom through the institutions of their own making, and the American people have set up institutions in this country which have already taken away from them the freedom of individual enterprise on an extended scale, and which, unless they are altered, will take away their political freedom.

The man who has power to make or destroy the credit of another man has as much absolute power over that man as the feudal lord had over his slave. If you have the power to take away the means

by which a man may live you have the ultimate power over that man—namely, the power of life and death.

The business of the world is done on credit. The transactions not based upon credit are probably a fraction of 1 per cent.

Broadly speaking, the banks of a country are the great creditors in that country. By far the largest part of the resources of every bank are the moneys which the people have entrusted to that bank.

A study of the reports issued by the American banks will show that practically the whole of the loans and discounts of every bank are funds which belong to their depositors. They are loaning other people's money, not their own.

This is a well-founded reason why all possible safeguards should be placed upon their transactions. They might be willing to risk their own capital, but they must not take undue risk with capital which is not their own. It was upon this theory that the National Banking Laws were enacted, and it is this principle which has been the dominating factor in the State supervision and control of State and private banks.

Like many other measures which seem to be sound in theory, they do not work out in practice. Hand in hand with measures which will safeguard depositors there must be such a solid basis for credit as will protect the borrower from discrimination and abuse, and since no system can be devised as regards National, State, or private banks which can require them to extend credit where for personal reasons they may not wish to do so, the people must establish a great central bank under the safeguards and for the purposes I shall hereafter set out.

I know of an institution in one of the leading cities of America which has fixed and liquid assets of upwards of seven million dollars. It is an institution owned and controlled by practical men. A quarter of a century ago they started on a small scale, and by a combination of talent and integrity they have developed a business of inter-State importance. The president of the institution was invited to become a director in one of the leading National banks in his city. As a director in this bank he objected to the large lines of credit

extended to the president of the bank. He pointed out that the loans involved a great element of speculation, that they were made in respect of enterprises outside the legitimate range of the bank's activities, that the money so employed was needed in the community, and that the loans should be reduced. From the standpoint of good banking the objections of this director seemed to be sound, and his position a reasonable one.

The concern with which this director was connected had large lines of credit with important banks in New York, Philadelphia, Boston and elsewhere. Soon after he had objected to the course being pursued by the local bank, the outside banks began to call the loans in which he and his company were interested. The means employed to discredit and, if possible, to destroy this director were simple and effective. His enemies used the office of the Comptroller of the Currency of the United States. It is well-known that the National Bank Examiners appointed by the Comptroller of the Currency are clothed with ample power, which they may and sometimes do,

exercise arbitrarily and unjustly. In this particular instance the local National Bank Examiner intimated that the local banks must call the loans of the director in question. In widely scattered sections of the United States other National Bank Examiners expressed a similar view concerning the paper of this director. The mischief had been done in the Comptroller's office in Washington, and the boycott was complete. In the meantime matters in the local bank were coming to a crisis, and the public became aware that there were serious differences among the directors, and that these differences might involve the stability of the bank. The 100-dollar par shares of this bank stood in the market at about 500 dollars per share. The director under discussion was the largest single stockholder in the bank. The public began to withdraw their money, and the bank lost several million dollars of deposits. The value of the shares decreased about one-half.

The terms upon which the local Bank Examiner would permit the bank to continue business were that the directors

should charge off a large part of the bank's surplus, and that he (the local Bank Examiner) should be made president of the bank at a salary of 25,000 dollars a year.

I have given prominence to this incident because the principle involved strikes at the root of the free institutions of America and menaces the personal liberty of every business man in the country.

It is too well established to need reiteration here that the theory upon which National and State banks are created is that the men of local prominence throughout the country, being familiar with the resources and standing of individuals and companies in their locality, are the best possible judges as to the extent to which they are entitled to credit. In the instance above cited the important National bank referred to was, through the arbitrary power at his disposal, placed under the control of a clerk from the Comptroller's office. I am advised that this clerk had been drawing a salary of about 5,000 dollars a year. In his new position he draws 25,000 dollars a year, and it would

seem that he was hardly qualified, either by his experience or training or knowledge of the local conditions, to occupy the position which he forced the bank to give him. This is one side of the evil of the present system.

From causes which are too fundamental to be removed by legislation, it will not be possible to obliterate abuses where the exercise of discretion and arbitrary power are involved. It is therefore, imperative, that a bank shall be created to which, with all due allowance for the abuse of power, the people may have recourse from the evils involved under the present system.

Another grave defect which has been found to exist in actual practice is that in nearly every community this power, sooner or later, falls into the hands of men who, through their wish to monopolise the various lines of business, are able, by the interlocking of directors, to cripple or destroy any individual or institution in their locality, and they have the power to effectively prevent the success, upon a large scale, of any new institution which has not previously made terms with them or in-

terested them in its success.

When the individual is thus attacked locally, and he obtains outside support from banks in various parts of the country, the banking interests which seek to destroy his credit have immediate recourse to the machinery of the Comptroller's office in Washington as to National banks, and through the State Banking Departments as to State banks, and by the means of this machinery they are able to call his loans throughout the country and prevent him making fresh ones. He has one of three alternatives left :—

First, sell the control of his business to the men who have destroyed his credit and become their employee.

Second, discharge his current liabilities through the reduction of his working stocks and other quick assets, or

Third, endeavour to finance his operations in Europe.

As to the first, all men of spirit refuse to accept it.

The difficulties in the way of adopting the second course are so numerous and fundamental as to make it generally imprac-

ticable. If he curtail his lines of credit to customers below the established normal basis his customers are forced to place their business elsewhere. If, as another alternative, he reduce his stock in hand and his raw material in process of manufacture, he must reduce his output and as the basis of his manufactured cost is determined by the volume of his output, if he takes this latter course he would soon find himself unable to produce his product on a basis of competitive cost, and gradually his position and business are lost.

If he takes the last course that may be open to him, and seeks his capital in a foreign country, the chances are ten to one against his success. When he presents his business, say, in London, the London institution (if the business appeals to it) makes inquiries of its New York correspondent, which, ninety-nine times in a hundred, is one of the well-known New York banks. In the ordinary course if the inquiry is made in such a way as to indicate that the London inquirer will be to a great extent governed by the New York reply, the New York bank is naturally

reluctant to take any responsibility.

Assuming the most favourable conditions to exist in New York, and that the New York bank is not governed by any ulterior or personal motive which would cause it to make an unfavourable report without inquiry, this New York bank will inquire of its correspondent in the locality where the industry is situated. Usually this local correspondent is the leading bank. Sometimes the New York bank may have two or more local banks as its correspondents. It asks each bank for an expression of its opinion as to the standing and resources of the concern in question, and as to whether it is entitled to confidence and credit. I do not go so far as to say that in EVERY case the local boycott is unjustified, but I believe it will be agreed by all men of affairs and experience that in the great majority of instances this local boycott exists for reasons which may not involve, or reflect upon, the resources of the institution or the standing of the men who control it, and that the inability of the institution to obtain the local credit to which it is entitled may not be founded

upon a legitimate or bona fide reason.

The report, therefore, which the local bank makes to its New York correspondent, and which the New York bank in turn passes on to London, is of such a nature that in due course, the London house sends an intimation to the effect that it is unable to entertain the business.

The financial section of every great city is a 'whispering gallery,' and whether it be London, Paris, Brussels, or Berlin, there are only a small number of houses which are either willing or able to finance important American undertakings. In presenting his business to a second house in any of these cities the American is bound in honour to say that it has been under the consideration of a given house, and that, for reasons which he does not know, it has been declined by it. In the majority of instances this is sufficient to prevent the business being done in Europe—and thus the arm of the local boycott has been long enough to reach around the world.

Behind the simple paragraphs in the metropolitan newspapers of America in which amalgamations are announced, and

the appointment of receivers are noted, there is the long unpublished struggle which I have outlined above, and through which many of the best men in America have been brought to ruin. I know that in bringing this about, men have worked in accordance with their nature, and that you cannot change this nature.

It is not necessary to discuss the men who have acquired this power, and who use it as they do, but rather to point out how the abuses of such power in the hands of any group of men may be immediately minimised and ultimately abolished.

It is probable that many generations will pass before society is established upon a basis that will require every man to render to society a full equivalent for what he receives.

When the present devices are no longer practicable, there will be new methods put into effect to enable a small minority of society to dictate an unjust distribution of the product of all toil.

When over-capitalisation, adulteration and the rental system are all abolished there will be other means employed to permit the

few to control the fortunes and the lives of the many.

In the nature of things this is inevitable. I hold no optimistic view that exact justice and the broad principle of equality can, or ever will be established among men. But there is between the conditions of the present and even an APPROACH to those better conditions of the future a vast chasm of wrong and injustice, which may, without wrong or injustice, be bridged.

The fundamental defect with nearly all "reform" legislation is that it seeks to transfer from its present hands into other hands the machinery through which this injustice and these wrongs are made possible, instead of aiming to abolish it altogether.

It will, I believe, be generally conceded that if B is given the power and the opportunity which are to-day in the hands of A, he will use them as A has used them.

His course may differ in one or another way, but its effect will broadly be the same.

The nature of man will not change. It is the same yesterday, to-day and for ever. What have changed, and will never cease

to change, are the relations which the members of society bear to each other, and to the aggregate.

We have sought to prevent men from taking by violence the property of other men, and as regards open violence and petty larceny we have succeeded. But we have not succeeded in preventing men, through perfectly legal means, from appropriating to themselves the life-savings and the life-earnings of millions of other men against their will and without their consent.

We do not find any difficulty in putting a man in prison if he steals a loaf of bread when he is hungry, but we find great difficulty in putting a man in prison if he steals a railroad because he wants more money and more power.

The difference is that petty larceny is illegal and the grand larceny is legal. We should make the grand larceny impossible and the petty larceny unnecessary.

Since nearly all of the principal business of the world is done by corporations which derive their existence from the State, the solution lies to a great extent in a proper

control over organised capital.

I intend to indicate the broad lines along which this control may be effectively exercised in such a manner as to avoid unjust interference with capital or unreasonable restrictions upon individual endeavour.

The adoption of measures which will give effect to the following plan would go a long way toward the solution of the greatest question of this age :

My suggestions are, briefly :—

I.—All corporations in the United States should be licensed by the Federal Government. Under the theory by which the union of our States has been established there are practical and well-founded difficulties in the way of restricting the right of the separate States in the exercise of their present control over State affairs, and it may be that the great businesses which at present control the inter-State commerce of the country would not seek to avoid a rational control by the Federal Government. If in practice it should be found that companies doing an inter-State business were able to thwart the will of

the nation, I would so amend the Constitution of the United States as to deprive the separate States of their right to grant charters to companies transacting an inter-State business or which are a unit in or a part of a larger company, which transacts such business.

Undoubtedly earnest objection will be raised to a plan which, in its effect, places in the power of the Federal Government the great centralised control and domination which I believe it is entitled to exercise over public corporations. There are many sound answers to this objection, and one of such answers is that under the theory of our government the people are supreme, and that no permanent injustice can be inflicted through the machinery of Federal control except with the consent of the people as a whole.

If the enlarged powers which I would confer upon the Federal Government should be abused, the remedy for this abuse is in the hands of the people, whereas under the present system of corporation control the people as a whole are without any remedy or power of control.

I believe that, broadly, the people can be relied upon to legislate for the benefit of the aggregate, in the same manner that we must expect the few to endeavour to protect the interests of the few.

II.—The Federal licence should be granted from year to year—say, from March 1st to March 1st.

III.—All private individuals or unincorporated firms transacting a yearly volume of business above a fixed minimum should be required to incorporate such business in order to bring them under effective central control. Congress should prescribe the form of the application to be made in respect to each of such corporations seeking a Government licence. This form should be so comprehensive in the scope of its questions as to exhibit the true position of each company and give the details of its capital and trading accounts. It should be certified under oath by the president and a majority of the board of directors of each company.

The Government should reserve the right to require specific replies, under oath, to any questions which might be raised

through an examination of the company's report, and, if not satisfied with the course pursued by the company, the Government should decline to grant an extension of the company's right to carry on its business.

IV.—The basis of the organisation of each company to be submitted to the Government, and approved by it prior to the formation of the company.

Each company to be required, before it is authorised to begin the transaction of its business, to issue a prospectus, in which all of the facts in regard to the formation of the company shall be fully set out. The prospectus must contain the names and addresses of everyone who has had to do with the formation of the company, and the nature and extent of the interest which he has acquired or agreed to acquire in the company, and what he is paying for it.

Every corporation should be prohibited from issuing any stocks, bonds, debentures, or other certificates of interest or obligation, except for actual cash, at par.

All agreements having to do with the formation of the company to be set out in

a schedule in the prospectus, the effect of each agreement being stated in the prospectus, and a copy of all of such agreements to be open to public inspection for one clear week in the city where the company is organised or where the issue of its securities is being made, and a certified copy of all of these agreements and contracts to be filed with the Department of Corporations of the Federal Government. If an understanding has been arrived at that A or B is to subscribe for a certain interest in the company, and to pay for this interest in cash, and that this cash is to be subsequently repaid to A or B for property to be acquired from A or B, the nature of such property and the price at which it is being acquired are to be set out in the prospectus, together with a statement from A or B as to the amount which this property has cost him. This prospectus and information to be published in full in one or more of the leading newspapers in the city in which the company is organised or in which its securities are being issued. Each director of the company to be personally responsible for the accuracy

of every statement in the prospectus.

I would prescribe that, regardless of the State in which the company had been organised, it should be required before the issuance of its securities, and before it began to transact any business, to place all of the documents above mentioned before the Department of Corporations of the Federal Government with an application to the Federal Government for a Federal licence to commence business. If the Federal Government decline to grant this licence, I should allow the corporation to proceed with its business, but would require that the communication of the Government in declining to grant the requested licence should state clearly the ground upon which it declined, and all of the correspondence on the subject should be published in the prospectus.

With the safeguards above set out, the public would be able to determine for itself whether this refusal of the Government to grant the licence was based upon a defect which should prevent the public from becoming interested in the securities. I would give the company the right to

subsequently apply to the United States Court for an order requiring the Government to issue this licence, and I would give either the Government or the Company the right of final appeal to the Supreme Court of the United States.

Under the Companies' Act in Great Britain it is necessary to set out in the prospectus some of the information above indicated, but this information is usually set out in such a way that the public is unable to understand it. If, however, this information were submitted to the Department of Corporations of the Federal Government, the experts in charge of the Department would be able to detect the weakness in the organisation of the proposed company, where this weakness under the present system is unobserved by the investing public.

In any subsequent year, if the Government for any reason decided to withhold the company's licence to do business, the question should likewise be submitted to the Court, and its decision should be final, and in the meantime the company should be allowed to carry on its business without

the Federal licence. If the ruling of the Department was sustained by the Court, the company would be restrained from further transaction of its business until it had met the requirements of the Government and obtained its licence, or had met the requirements laid down by the Court. Owing to the great amount of controversy that would inevitably arise, it might not be practicable for these questions to take their course through the existing tribunals, but since the carrying out of these measures would constitute one of the great functions of the Government, there might be set up special tribunals, created as the existing tribunals are created, for the sole purpose of dealing with the questions which these measures would raise.

I have reason to know that in 1911 representations were made to the Government of Canada in regard to the conduct of one of the great corporations of Canada which required, in order to carry on its business, that the Government of Canada should extend its charter, and I am aware that the Government of Canada, instead of granting the customary extension of this

charter for a period of ten years, granted a temporary extension to July 1st, 1912, and subsequently granted a further extension to July 1st, 1913. I believe that as a result of the representations made to the Canadian Government measures will be enacted by that Government to prevent the recurrence of the abuses heretofore practised, and that these measures will be enacted before or concurrently with the further extension of the company's charter.

I refer to this incident because in the ordinary course it might be very difficult for the Government of Canada to give effect to what it may consider necessary as measures to remedy the evils complained of, and that perhaps the chief power of the Government in this instance arises from the fact that only by the passage of an Act extending the charter of the Canadian institution is this institution able to continue its business. Under the charter granted to this institution it was assumed that by an Act of recurring legislation, to be passed in the ordinary course, the charter of this institution would be from time to time extended for ten-year periods.

But the point which I wish to make is that, because affirmative action on the part of the Canadian Government was from time to time necessary to perpetuate the charter of this company, there was placed in the hands of the Canadian Government the broad power to decline to extend this charter unless in the judgment of the Government this extension carried with it measures for the adequate protection of the public.

It may be very difficult to remedy by legislation those specific abuses of the general powers conferred upon corporations where it would not be difficult to apply this remedy through refusal to extend the licence in instances where power had been abused.

I have now to deal with the remedy for the abuses mentioned arising through the centralised control of existing banking institutions in the United States. This remedy would take away the power of one man to destroy the business and credit of another man, and, taken together with the measures set out as safeguards in the formation and conduct of companies, it

would put the banking power and the corporation profits of the whole of the United States upon a sound basis as regards the millions who have created the existing wealth in this country, and who are to create its future wealth. It would raise the basis of individual and company credit to such a solid plane as to for ever remove the possibility of an individual or an institution being denied the resources to conduct their business if they are entitled to such resources.

I would create a great central bank, which would not have the power to loan its resources to anyone who did not have security, but which would also be unable to refuse to loan its resources to any one who did have security. I am aware that the personal element involved in the control of property may well be regarded as the chief basis for a loan against such property, and also that in special circumstances it may be sound banking to loan money to men who have no property. I would leave these special circumstances to be dealt with as they are now dealt with, and I would establish a central bank—to be

controlled by the people—for the purpose of affording credit to men who possess property, but who, for one reason or another may be deprived of the credit to which they are entitled by this property.

The currency reform plan recommended to the people of the United States by the Aldrich Committee would, if it had been adopted, have had the effect of further concentrating the money resources of the country under the arbitrary control of a small group of men whose present domination of these resources constitutes one of the chief perils to America. The organisation of a central bank, as proposed by that committee, would in practice extend the existing grave defect by which to-day the credit of some of the most important and soundest concerns in America does not depend upon either their resources or the stability and intelligence of their management, but upon the caprice of a local banker who, through the present organisation of money, is given the power to extend his otherwise inconsiderable influence to the remotest part of the world. It is well known that practically the loaning power

of every financial institution of the United States is somewhat less than the deposits of the money of the people in the banks of the United States. It is clear, therefore, that it is through the control of the people's money that a few men have acquired and retain their vast power in America.

This same statement as regards the deposits and the loans of banks in the United States applies with almost equal accuracy to every country in the world.

The remedy which I propose is needed perhaps more in the United States than in any other country ; but I believe that its broad value to every country will be at once apparent.

To-day the money deposited by the people of the United States in the banks of the country brings them an interest return which varies from nothing at all up to a maximum of 4 per cent. on deposits left for a considerable and specified length of time.

In times of unrest in the United States the evil of our present system is vastly exaggerated, and again has the effect of increasing the power and the profits of a

few men in the financial centres of America.

The great financial panics of recent years in the United States have been precipitated by the gambling in Wall Street when the general condition of national prosperity and the expansion of national wealth made such panics unnecessary and unjustifiable.

When the investors of the country become uneasy and sell their securities, and generally withdraw their cash from the industries of the country, they for the most part deposit this cash with the leading banks. The men in control of these banks use this money to manipulate the value of all securities in America and to take for themselves the benefits of the depreciation which they have caused in all classes of securities, and they have manipulated this depreciation and taken advantage of these conditions by using the money entrusted to them by the people. When matters have reached their lowest state of depression the financial manipulators begin to raise the prices of the various stocks and bonds which the inside interests have, with the money of the people, controlled on small margins, and by loans from the

banks which they dominate. These interests sell back to the people the stocks and bonds which they frightened the people into disposing of, and the huge difference in price goes to further augment the riches of those who have controlled the people's money, and who, by the use of that money, have not only worked untold injury to the country, but have appropriated to themselves a substantial part of the identical money which the people entrusted to the banks.

I was the owner of a considerable amount of the shares of a well-known New York National bank, which was not then controlled by the so-called Money Trust. This bank was a sound commercial institution, doing an old-fashioned banking business, and declining to place its resources at the disposal of the Wall Street gamblers. The bank preferred to pursue the sounder course of legitimate banking and loan its depositors' money to established mercantile and manufacturing concerns who were its customers. I saw the stock of this bank beaten down in one day from 340 dollars per share to 200 dollars per share,

although the institution was, and, so far as I know, now is, one of the soundest and best-managed banks in New York.

It would require volumes to tell the story which is woven around the abuse of the banking power in America. There are hundreds of men and institutions whose fortunes and reputations have been ruined in every chapter of that long unpublished story. I do not believe that anyone will seriously urge that the grave defects which exist should not be definitely remedied, and I believe if the inside information which is possessed by a few men were realised and understood by the people at large, nothing could restrain them in their demand that an effective remedy should be forthwith applied.

I have followed as closely as possible the various remedies which have from time to time been proposed. These remedies have invariably been either entirely fanciful and unworkable, or they have been cleverly devised plans to further augment (and NOT to remedy) the existing evil.

The Government bonds of the United States are held as the sole guarantee of the

currency of all National banks. These bonds are purchased from the Government, and the Government regularly pays the interest on them to the banks. The bank then issues its currency to the full par value of all such bonds. It then loans that currency to the people. The effect of this transaction is that as soon as the bank has purchased, say, one million dollars or any other sum of Government bonds, for which it has paid slightly more than par, it delivers those bonds back to the Government and receives National bank notes for the full par value of such bonds.

The resources of the bank are, to that extent, invested in a sound security, upon which the bank will perpetually draw its interest, and practically the whole of the purchase price has been handed back to the bank in the form of currency. In the aggregate this discrimination in favour of the bank as against the individual holder of the bonds costs the people millions of dollars a year, but this defect is the slightest and least fundamental of all the defects involved in our system of banking. I have referred to it only because there is

involved in my remedy the continued use of this basis of national currency. The obligation of the people, as represented by their Government, constitutes in our present money system, the sole asset back of all National bank notes.

I would propose that Federal legislation be passed which would give public accountants the position of direct responsibility to the Federal Government. I would provide that all firms, corporations and banks who are the borrowers of money should be regularly examined and reported upon by public accountants. I would apply a rigid civil service test among the qualifications required of public accountants. I would make it obligatory that the qualifications prescribed by the Federal Government should be shown to exist before the Government issued a licence to any accountant, and that without this licence no accountant would be qualified to act.

I would create a Federal bank, which would reserve to itself the sole power to issue all paper currency, and I would provide that this currency could be issued up to the par value of all of the gold, silver

and Government bonds held and owned by this Federal bank, and that it could issue paper currency to the amount of 50 per cent. of its bills receivable. Since this bank would at once become the real centre of the banking power of the United States, I would provide that the election of its directors should be carried out in the same manner as we now conduct the election of the President of the United States.

I would have one director to represent each of the States of the United States, and I would provide that not less than 25 of such directors would be necessary to constitute a quorum of the board.

I would make the President or the Vice-President of the United States the ex-officio president of the bank, with the casting vote.

I would provide that the term of service of these directors should be as to one-third for four years, one-third eight years, and one-third twelve years.

I would distribute equitably throughout the United States the four, eight and twelve year directorates, so that there

would always be on the board from every section of the United States directors who were familiar with the affairs of the bank.

I would provide that, if at a meeting of the board the whole of the minority of such meeting dissented from the decision, even if that decision had received the approval of the president of the bank, the minority should, by unanimous request, be able to refer this decision to the final determination of the Supreme Court.

As already suggested, a new tribunal, to be called the Supreme Court of Commerce of the United States, might be created.

I would pay a salary of not less than 25,000 dollars per annum to each of the directors of the bank. And no director would be permitted to hold any other position or to be a director or officer of any corporation, and the bank would be prohibited from making any loan to any institution in which any director was interested.

Any director who did not attend meetings of the board at least once a month would forfeit his seat on the board.

Provision should be made that any

director could at any time be removed by the people whom he had been elected to represent. This removal and the choice of his successor to be effected by an election held for that purpose.

I think it will be clear from the trend of my suggestions that I have sought to establish a great central bank, to be owned and actually controlled by the people, and I hope to be able to show that if this were done, the man who owns cattle on the prairies of the West, or cotton in the fields of the South, or grain in the bins of the North, or who owns wire and nails in Pittsburg, or silk in the looms of New Jersey, or wool in the factories of Massachusetts, or who has a stock of merchandise in any city or village in America, would have a place where, against this security, he would have the right to ask for, and the assurance of receiving, the financial accommodation to which his assets entitle him. He would be no longer at the mercy or caprice of his local banker, or of any other banker.

He would have his books and accounts examined by a chartered accountant, qualified and licensed in the manner above

suggested. He would attach the report of this chartered accountant to his application for a loan, and, if requested to do so, he could supplement the report of the accountant by the report of a licensed appraiser, who would certify to the value of his fixed assets, which in the ordinary course of business would be outside the scope of an auditor's report.

There would be licensed appraisers, who would possess the qualifications prescribed by the Federal Government. They would be in the employ of the Government, and prohibited from accepting fees or employment from private individuals or corporations.

In establishing this central bank, and fixing the basis upon which the funds of the institution should be loaned, care would be taken to establish a percentage borrowing right, which would bear proper relation to the following factors:—

1. The net surplus of fixed assets over funded liabilities—such as bonds, stocks, etc.
2. The net surplus of accounts receivable over accounts payable.

3. The net market value of the uncharged quick assets.

4. The net earnings of the corporation during the preceding period of one, three, five and ten years ; or, in the alternative since the company commenced business.

5. It will be urged that two companies with the same assets and the same liabilities and the same dividend record might require and be well entitled to receive largely different borrowing facilities, owing either to the difference in the business involved or to the difference in the locality where the same businesses were concerned ; but the broad principles could be well established by a classification of the various businesses somewhat along the lines of their present division for credit purposes.

I would not seek to supplant either the large or the small banks throughout the country, except that I would enact different regulations as regards their loans on Stock Exchange, grain and provision transactions. I deal with this under another heading.

The central bank would be so organised and conducted that no one with property could be deprived of the facilities of credit,

and no one without property could obtain credit from the central bank.

In so far as the local banks could and did meet the requirements of their customers they would not need to have access to the National Institution of credit, the purpose of which is not that it shall do the banking business of the country, but rather that it should be the great safeguard of public credit and the refuge of every man who is entitled to credit but who, from one cause or another, is under the present system unable to obtain that credit.

I am aware that when the demand for money exceeds the supply of money, there is no way under our present system of banking by which the banks as a whole, or separately, can increase their cash resources through the use of their bills receivable. In the ordinary course the smaller banks endeavour to so increase their cash resources to meet special conditions by re-discounting their bills receivable ; but ultimately this facility of re-discount depends upon Wall Street, and if Wall Street wants the money to use in the manipulation of stocks, it makes the re-

discounting by out-of-town banks impracticable either by refusing such re-discounts altogether, or by asking a prohibitive rate of interest. It will, I think, be conceded that if the present laws governing banks were to be modified so as to permit the issuance of currency against bills receivable the broad credit requirements of the country as a whole would not be assured, unless the use of this elastic measure was placed in the hands of a great people's bank, organised under the safeguards I have indicated, and having the sole right to issue paper Currency. The farmers of the country require greater banking facilities. The majority of farmers purchase machinery and supplies on long credit from neighbouring merchants. This is expensive and unsatisfactory. When the farmers are able to borrow money the interest-rate is frequently too high. The restricted credit of the farmer lessens his productive capacity and increases the cost of all production. This burden of increased cost falls at last upon the consumers who are the wage-earners of the country.

There is no safer security than that

offered by farmers, but our banking system has developed along such lines that the local banks find it difficult to extend the large lines of credit locally required by farmers, and the ability of these banks to obtain assistance from the financial centres of America depends upon the caprice of Wall Street.

It is easier to obtain a loan against a certificate of watered stock with nothing but organised ingenuity behind it, than it is to borrow money on the solid products of the soil. Through the Central Bank the credit requirements of the farmers could be met at a comparatively low rate of interest.

The farmers of the country are borrowers of hundreds of millions of pounds sterling, and they could profitably use hundreds of millions additional which they are now unable to obtain.

The Central Bank could hold the farm mortgages and issue its two, five and ten year debentures against them, and could carry the farmers' requirements under present conditions at less than five per cent. per annum and in an unlimited amount.

There is and has been open to the stockman special facilities when his borrowing requirements have outgrown the capacity of local banks. These facilities consist of loans made direct by live-stock commission firms, which advance money on the paper of the stockmen. The commission firms discount this paper in the banks of Chicago and other packing-house centres elsewhere, but these banks are more and more involved in the great money system of the country, which is dominated by Wall Street. This avenue of credit is, therefore, like all others, frequently curtailed, and sometimes practically closed through the operations in Wall Street, and thus the credit to which the cattleman is entitled is in the last analysis influenced to a great extent not by any conditions connected with the live-stock business, but rather by Wall Street manipulation.

When these operations do not interfere with the placing of the paper of the cattleman, and his facilities are unrestricted, there are still objections to the present system of loans through commission houses. Some of these objections are that they

involve the payment of commissions, as well as liberal interest on the money borrowed, and the owner of the live stock is compelled to market and sell his live stock through the commission house which discounts his paper. In many instances this live stock could be dealt with more satisfactorily to the stockman if he were given a freer hand. The stockmen of the country pay an unnecessary tribute of many millions of dollars a year, which might be done away with through the establishment of the Central Bank, and the money which they require to properly conduct their business would be available when wanted and at a minimum rate of interest. They could no longer be compelled to market their stock when it suited the wishes of the live stock banks which are controlled by the packers.

I would establish a new basis for Stock Exchange transactions, and for all dealings in the great staple products, such as cotton, corn, wheat, and all classes of provisions.

I would require all Stock Exchange houses and boards of trade and provision firms to conduct their business under licence from the Federal Government. I would place

all stock exchanges and boards of trade under direct Federal Government control and subject them to rigid inspection. I would appoint National Examiners to periodically inspect their books, the same as the Government now does in regard to National banks.

I would prohibit all dealings on margin, either in stocks, bonds, grain, cotton or provisions. I would require that the buyer of any of the above must pay for them in full, and that the seller must deliver the stock, bond, or commodity sold. In order that this might not be evaded through the loaning by banks to favoured customers of 90 per cent. of the amount involved, I would prohibit the loaning of more than 60 per cent. against any transactions, either in stocks, bonds, grain, or provisions. And I would require weekly settlements in full.

It is impossible to calculate the harm which is involved in the present speculation on Stock Exchanges and Boards of Trade throughout the country, and it is likewise impossible to estimate the great benefits which would result to the country as a whole if this gambling were made impossible. I would enforce these regula-

tions by effective measures, one of which would be that any violation of the law would involve the withdrawal of the right to do business in respect to the firm and the bank concerned.

I intend in a subsequent book to deal with the broad question involved in a more just distribution of the product of all labour, and I shall endeavour to show that there is a sound and equitable solution of the existing controversy between capital and labour.

It will, I believe, be apparent that if the reforms that I have here suggested were put into effect they would go far toward dissolving the differences which now exist between capital and labour.

It will be urged that these reforms, which make "watered stock" and colossal fortunes impossible, will do away with the incentive which is to-day the motive power behind the establishment of the great institutions and industries of the country, but I hope to be able to show conclusively that the great drawback to individual endeavour on a large scale in America would by my system be removed, and that such indi-

vidual endeavour would be enormously stimulated.

It does not seem to be generally realised that the harm which results through the present system of over-capitalisation has only begun when the over-capitalised securities are sold to the public. The evil involved in the creation and sale of securities which do not represent either property or human toil is a small evil compared with the greater ones which attend the evolution of this system.

I will take, by way of illustration, the formation of a company with a capital stock of 100 million dollars. This company is formed to acquire the assets of other companies. These assets may be worth 30 million dollars. The whole of the 100 million dollars of capital stock is issued in acquiring the various institutions in such a way that the stock is technically paid up.

A portion of this 100 millions is distributed among the small factors in the combination, and the control finds its way to the dominating factors and to the financial house which is behind the amalgamation. The combination then makes an

issue of first mortgage bonds and preference stock in an amount greatly in excess of the value of the properties being amalgamated. These bonds and preferred stock are either sold to the public and the cash price paid over for the property acquired, or they are delivered to the people interested. Subsequently, through manipulation in Wall Street, practically the whole of this inflated capital is worked off upon the investing public. The inside interests retain a sufficient amount of the common stock to ensure their continued control of the business, and in the majority of cases they have succeeded in withdrawing the actual capital which they had involved in the enterprise.

By means which are perfectly legal, and through the employment of which men have obtained colossal fortunes and vast power and eminence, 30 or 40 million dollars have been wrongfully taken from the investing public in the single instance cited. This is the beginning of the evil involved in the present system. This corporation employs thousands of people, and the product of their labour is to a great extent devoted

to the payment of dividends upon this fictitious capital.

Through the mill of Wall Street a few men take by improper means the earnings which to a great extent should have remained in the pockets of the men who earned them. The producer of the raw material sold to this company, and all of the men employed in such production must pay their toll; and, on the other hand, the consumer, who is likewise a labourer and a victim of the same conditions is compelled to pay a higher price for the products of this company than he would have paid if there had been no necessity for the company to earn dividends upon fictitious capital. If the evil of the present system did not go farther than to take away from investors hundreds of millions of dollars a year without giving them proper security or value for their money it would still be one of the greatest evils affecting the present generation; but when its further power to appropriate the earnings of present and future generations is considered it becomes a matter of gravest public consequence.

It may be contended that when a com-

pany is able to declare dividends upon fictitious capital it has justified its capitalisation as regards its investors. This is, however, unsound in practice, because, while a company may be able (by economies effected through amalgamation and by its temporary monopoly acquired in a given line) to earn and pay reasonable dividends on its fictitious capital, it is not creating a reserve of tangible assets which would to any considerable extent put capital resources behind securities which were not in the first instance issued against tangible capital assets. If it succeeds, in special instances, in making good its watered capital through undistributed earnings, it is taking the people's money to repair an evil which should never have been created, and is putting that money into the pockets of a few men who have not given to society any equivalent for what they have received. The adoption of my system would make this quite impossible. The position is, generally, that if the company is called upon to meet changed conditions, which may arise from one of many causes, and its earning power is temporarily interfered

with and its condition becomes critical, practically the whole of the capital invested in its ordinary and preferred stocks is wiped out. From any point of view, whether it be as an investor in its inflated securities, or an employee, or a producer of raw material, or a consumer of finished products, one or all are in the course of the career of such a company bound to contribute a huge sum of money, which ultimately finds its way into a few hands, and for which no adequate return has been, or ever can be, given. The capital of the railway companies in America is watered to the extent of hundreds of millions of dollars. The initial evil which resulted from the creation of this watered capital has been followed by a greater evil which has required every passenger carried and every pound of freight moved in America to pay direct toll of scores of millions of dollars yearly into the mill of watered stock. This stock once created continues to levy its tribute upon generation after generation of the American people. It must be clear that if this evil did not exist or were to be done away with, the result would be better wages

to the employees of railway companies and cheaper and more efficient service to the people as a whole. There is no objection to be raised against the collection of passenger and freight tariffs which are adequate to provide a proper return upon the actual investment employed, but the evil consists in the ability of any class of men to collect for themselves huge sums of money by way of dividends on capital which was never invested.

It would not be difficult for me to give specific instances where one or all of these evils have been involved, and where the loss to the American public is so enormous that it could not be computed in hundreds of millions of dollars. The broad principle which I want to make clear is that, as we require of labour a dollar of tangible value before we pay that dollar, we must obliterate the means by which any man can create securities which he is able to exchange for dollars, unless the securities are issued against the tangible product of toil and in an amount which does not exceed the actual value of the property against which they are issued.

Some of the provisions as to publicity and information for public prospectuses which I have outlined above are already embodied in the laws of Great Britain and are required of all public companies formed under British law, but the remedies which I have suggested go farther in their scope toward the protection of the public than any legislation heretofore enacted or suggested for the control of public corporations.

The prospectus information required by the Companies Act is generally so set out that not one investor in a thousand ever understands the information disclosed in a prospectus. If, however, these prospectuses, and the information which I would require public companies to give, were placed in the hands of a competent Government Committee, as above outlined, this Committee would have no difficulty in so safeguarding the formation of public companies under my plan as to make it impossible to carry through more than a very small percentage of the enterprises which are now foisted upon the people.

In every community, if a prospectus is supported by certain names, the public do

not examine or inquire into the details, and it is because of this that individuals seeking to establish any important undertaking are sooner or later under the necessity of making terms with a comparatively small number of men, whose vast fortunes and immense power have been acquired through their ability to control and appropriate to themselves the fortunes and the labour of their fellow men.

In nearly every instance where an enterprising man seeks to establish a business of great magnitude which he expects to personally develop he would like to see that enterprise founded upon sound lines rather than to see it issue huge sums of fictitious capital; but unless he is prepared to create inflated stocks and issue them as bonuses to promoters, brokers, issuing houses and others, he is unable to enlist their support, and without this support he is unable to establish his business.

Under my system, if he had a sound business which he wanted to establish on conservative and sound lines he would be able to go direct to the people, and to give to the people full security and value for

their money. The mere fact that his plans and his security had received the sanction of the Federal Government would be a sufficient ægis under which he could create his business without introducing the intermediaries who are to-day largely responsible for the losses incurred through investment in stocks and bonds.

It may be broadly accepted as a settled rule among the great banking and issuing houses of the world that they only identify themselves with the issue of such securities as they believe the public will ultimately absorb. It is clear, therefore, that all obligations incurred by the founders of public companies are incurred upon the theory that the financial burden imposed by those obligations will be transferred from them to the people.

I hold that the chief evil, from the point of view of the investor and of the public at large, arises from the necessity of paying a relatively small group of men for assuming an obligation which need never exist if under proper Government regulations a system were devised to enable the founder of public companies to deal direct with the people.

The relatively small number of men who are able to transfer their responsibility from themselves to the people have the power to do this through the control which they exercise over the money of the people.

I would do away with these expensive and unnecessary intermediaries. The people as a whole are the ones who have the money to invest, and I would institute such a system as would enable them to invest with the minimum of risk.

Let us suppose that in the great staple article of meat the same lax methods were in force for the protection of the public as prevail with the securities of public corporations. The practical effect as regards meat would be the same as it now is as regards securities. To illustrate :—

The purchaser of meat in any shop in America is assured under the present system of Government inspection and control that the meat offered is pure. He does not need to purchase it from A, who has an eminent standing in the community, or to refuse to purchase it from B, who may have no standing, because he knows that through an

adequate system of Government inspection this meat has passed all the necessary tests at its point of origin. If this were not so he would feel compelled, if he were able to do so, to go to a certain [shop] which gave a moral guarantee to the product, and purchase it at a greatly increased price. He would do this not because the meat was better, but because there was a certain personality behind it which ought at any rate to be a guarantee of its purity. He would in this way be practically compelled to pay a very high price for a nominal guarantee which, through the present system of Government control at its source, he is able to obtain without any cost whatsoever. Through this system A and B are placed upon an equal footing as regards the public, and the success of each becomes a matter of personal ability.

I contend that the same broad principle holds equally true as regards securities, and that it is entirely sound and practicable to so control the issue of these securities at their point of origin as to fix the basis of general security in such a way that it will no longer be necessary to

pay a large part of all capital investments in order to obtain the favourable sanction of "A" or "B," since the basis of the security to the public has been passed upon by the people's Government at a purely nominal cost to the people as a whole.

Many and grave evils have attended the inevitable development of organised business. From a system which was bounded by the exchange of one article for another, and into which neither currency nor credit had entered, we have reached a point where the world's business is conducted through a system of book-entries in which either paper or credit has become the token of barter and exchange.

The defect of all legislation which has sought to control and regulate this business is broadly that we have failed to realise that you cannot enact effective legislation which seeks to in any way change the nature of man, and also that you cannot stop by any kind of legislation the logical outcome of the vast forces which are set in motion by the activities of man.

We must not legislate against trusts upon the theory that trusts are wrong, but

rather upon the theory that through fierce competition they have become inevitable, and in principle are sound. We must use the immense machinery which has been constructed by human ingenuity and human toil in such a manner as to make it a great agency for the betterment of humanity.

I believe it will be generally accepted as good reasoning to say that commercially the amalgamation of industries is sound. I hold that it is necessary, inevitable, and bound to continue, and that more and more it will result in the elimination of everything which takes its toll between the producer and the consumer.

The aim of the legislation of the future should be, not to seek to prevent the utmost development of what we now call the trusts, but rather to endeavour to prevent the wrongs which are associated with the formation and conduct of these trusts and to thereby do away with the grave evils which attend their development.

The great, and I believe the most vital defect of organised capital and industry to-day is that by the use of the power which the people have placed at the disposal of

the strong, it is possible for men to reap where they have not sown. I would so change the conditions under which capital could be put to effective use that it would not be possible for any man to gather the fruits of another man's toil.

We have not yet arrived at such a state of moral development that we consider this to be a moral wrong. Little by little the masses of mankind have achieved more and more power, and in the exercise of this power they are constantly seeking to bridge the great chasm which exists between the few who control the wealth and the resources of the world, and the many who are the victims of that control. The legislation which they have enacted has proved ineffective and futile and the aim they have sought has not been realised.

Shorn of all of its pretence of justice and of all of the broad human motives which are claimed to be the basis of its legislation, the aim of this legislation has been to transfer to B the power which has been acquired by A.

We look back across the centuries at the feudal system, and say that it was wrong,

but the remedy for the feudal system was not that the power which one man enjoyed should be transferred to another man or to many men, but that the feudal system itself should be abolished.

We look back upon slavery and we understand that the solution of the problem of human slavery did not depend upon changing the position of the master and the slave, but rather upon giving effect to the broad principle of justice that all men ought to be free.

The solution of the great problem of industrial slavery does not lie in taking the power now enjoyed by a few men and giving it to a larger number of men, but rather in a broader adjustment, through which wage-slavery will be abolished. In the most enlightened country in the world (England) the people have sought to establish some measure of equalising the great wealth which becomes the subject of bequest through wills, but the solution of that problem does not lie through increased death duties. Behind the great fortunes which are the subject of this legislation lies the fundamental evil of landlordism. The

remedy for this evil is not that a vast estate accumulated through the collection of rents should pay a tax of 2s. in the £, but rather that the rental system should be abolished.

It may be urged that the remedies which I propose are so fundamental that they strike at the root of the present basis by which all business is established and all fortunes are accumulated, and I admit that this is so.

I hold that the solution of the great problem involved in the acquisition and control of wealth must be a fundamental solution, which for the future will effectively control, on a broad basis of human justice, all acquisition and the control of all wealth.

Recognising the failure of legislation, the great army of industrial slaves throughout the world have organised trade unions. These unions have their definite value, and have, no doubt, obtained better conditions for labour and higher wages for their members ; but upon the broad line of obtaining the undeniable rights of the people involved the trade unions have not succeeded. One

reason why they have not succeeded is that, in the universal sense in which capital is organised, labour is not organised.

The united mine-workers of a given country may declare a strike, and the outcome usually is that, after a few weeks of idleness, their resources being exhausted, they resume work with their conditions slightly bettered, if at all, and in many cases their strike only results in loss of wages and defeat.

The men who control the industries and the middlemen who distribute the product MAKE USE of the strike for increasing the price of the commodity, and transferring to the people as a whole the economic burden involved in the strike.

If the production of an important staple, such as coal is at issue, the consequences of the strike extend to all branches of industry, to the immediate detriment of all labour employed.

The effect of this is generally that, instead of recognising the cause of the strikers as a part of the larger cause of all labour, the labourers who are affected by the strike seek to bring pressure upon

the strikers, and it is through this division of interest that their fight is always lost.

I believe that within ten years after the operation of the system which I have outlined the necessity for strikes would disappear. In the meantime there is, broadly, only one basis upon which these strikes would be bound to succeed, and that basis is that the members of every trade union, controlling as they do the bulk of all industrial labour throughout the world, should consider that for purposes of offence and defence they are ONE, and that until, through a better-organised society, they are protected without the need of strikes, they will, if a strike is declared, be as one man in support of that strike.

In 1912 there was in Great Britain a general strike of all coal-miners. The number of men who went out under this strike order was approximately, 1,800,000. Counting on the general average of five being represented by each man, this strike directly involved nearly one-fourth of the entire population of Great Britain. On account of the strike the resources collected by

the contributions of the miners through a long period of time were paid out to support in a most miserable way the striking miners and those dependent upon them. The general effect upon the public was that the mine-owners, jobbers and retailers of coal increased their prices to such an extent that they were enabled not only to dispose of large quantities of theretofore practically unsaleable coal, but they compensated themselves for the cessation of work in the mines.

After this strike, the miners returned to work under conditions which left the settlement of their differences to various commissions, and which, in most cases, I believe, left the miners either as they were before or in a worse condition. The general public of Great Britain was put to enormous expense and inconvenience and many of its manufacturing industries during the period of the strike were compelled either to suspend operations altogether, or to curtail their output and discharge a portion of their men. This condition extended to the railways and to nearly all industrial enterprises. The forces of organised society

were brought to bear upon the striking miners and the result was not satisfactory to the miners.

I do not presume to say that the miners had or did not have sufficient reason for declaring a general strike, but what I would point out is that the remedy which is in the hands of organised labour is a remedy which can only be exercised, under the present condition of society, at great personal sacrifice to the labourers involved. And it must be assumed, therefore, that the expedient of a strike would be resorted to only when it was not only justified, but when the men involved had become prepared to make sacrifices for it. The future strength of organised labour must depend upon all labour organisations making COMMON CAUSE with one another.

I am aware that there are many unselfish and able men devoted to the great task of organising and directing labour, but I believe that the vast untested power of labour can only be realised through a wider organisation than labour has ever known. It may be that the reforms which are proposed in my remedy can only be brought

about when organised labour forces society to accept them, and, if this is so, the first great step to bring about that better era in the world must come through the EFFECTIVE ORGANISATION of the LABOUR OF THE WORLD.

I would like to see a man with the vast genius of Napoleon dedicate his life to this cause—to the end that when in the deliberate judgment of a great section of organised labour in any part of the world there was a wrong to be righted, that single organisation would have the solid support of every labour organisation in the world. If in 1912, when 1,800,000 Englishmen declared a strike in the coal mines, as the best means within their power to better their condition, this strike had been supported by a general strike, which involved 50,000,000 men throughout the world, there would have been no solution of that strike except a solution which conceded the broad principles for which the men contended.

Capital knows its power. Broadly, it is effectively organised. Labour does not know its power and it is not effectively

organised. The control of both capital and labour can still be exercised by the whole people in an equitable solution of the great human problems involved.

It is not too late to adopt sound and constructive measures which will prevent a further aggravation of existing conditions and which would in another generation go far toward the solution of the vast differences which we are now seeking to settle by force. It may be that this remedy can be employed in time to save an experience which would stop the wheels of the world's industries and bring the great questions involved to a point where they must be adjusted under universal pressure or disposed of by violence.

The great defects which I have outlined and the remedy for these defects are world-wide. It may be that in the United States the people still retain sufficient direct power to solve these questions by just and sound legislation which will accept present conditions as they are and seek to remedy them on the lines I have indicated, or upon better lines if they can be found.

It may also be that the people have already lost this power. The majority of men take their opinions from other men. Few are able to do any thinking for themselves, but the wants of the millions are simple wants, and they have earned a larger share in the prosperity of their time. They are convinced that this is so, but they are divided in their opinion as to how this result may be attained. It is the business of organised society to keep them divided ; so long as they are divided they are powerless. United they would at once be irresistible.

While legislators are discussing remedies and passing futile laws, the toilers of the world should organise. They should establish, not a Brotherhood of Locomotive Engineers, but that Universal Brotherhood of Man. They are men first, and engineers, miners and artisans last. Their cause is a common cause. Their fight is a fight for life and all the weapons are in their hands.

No one will doubt that if the American locomotive engineers were to confine their organisation to the State of New York they would be helpless. Their present relative

strength lies in the fact that their organisation reaches from the Atlantic to the Pacific and from Maine to the Gulf.

The next great step for them to take is to make their organisation WORLD-WIDE, so that when the trains of the United States are without engine-drivers, the trains of every country in the world are likewise without engine-drivers. Let this apply to every branch of organised labour, and when a national strike is declared in one country in any given line of industry, let that strike be world-wide and extend to every industry.

I believe in organisation, and if organisation in one industry upon a scale which includes the whole of that industry in a nation is SOUND it is not complete until it includes that industry throughout the world.

Strikes are not inaugurated on a national scale until, as a rule, all methods of negotiation and diplomacy have failed. When they are inaugurated they are the labouring man's last appeal but one. This appeal will be effective when it is universal and not before.

When a few thousand men strike, one or another means may be adopted to minimise the effect of that strike. But if all organised labour throughout the world should ever resort to a strike, it would be necessary to settle with that labour upon its own terms. And these terms would be so vast and so different from any terms ever proposed by labour that they would stand out as the supreme event in the history of mankind.

It will be urged that while the locomotive engineers might have a grievance which justified a general strike of engineers, the conditions surrounding one or all other trades unions did not justify a strike. But the broad view should be that the cause of one union man is a common cause which is the concern of all union men. The grievance which one union has to-day another may have to-morrow, and there is no line of industry which does not have its legitimate and basic grievance.

I do not say that this grievance is due to any abuse of power in the hands of any class of men, but rather that it is due to the inevitable use which will be made of

that power in the hands of any class of men. I say that, acting in accordance with the laws of their nature, a few men have obtained an unreasonable and an unjust control over the masses of men. It is natural that they should be jealous of this power, and it is reasonable to expect that they will relinquish it only when they are compelled to do so by a power which is greater than theirs.

They proceed upon the theory that they have the right to prescribe the conditions under which they will employ men without taking into account the great fundamental truth that all men have the right to be employed, and that the necessities of all men compel them to work.

Upon the broad basis of human justice among men, the time is coming when the majority of men will determine what proportion of their earnings shall be given to a relatively small number of men who direct their labour, instead of conceding what is now practically conceded, that these few men may levy their toll upon mankind.

In the evolution of industries the great

businesses are passing through a highly competitive system of production and distribution. I do not think it has been made sufficiently clear, as is, in fact, the case, that the burden of this competition has been borne almost entirely by the wage-earners of the world. The capital employed in this competitive evolution has always required a fixed return, and this return required by capital has in its general trend increased through a steadily-advancing interest and dividend rate.

When in the course of events it becomes expedient or necessary to terminate this competition the result is effected through a combination of the competitive interests under one control. Broadly, the effect of this combination should be to decrease the price of the product to the consumer, increase the price of the raw material to the producer and raise the wages of all people retained in the employment of the combination.

If in actual experience this were the result of the consolidation of industries there would be no legislation required to effect a just distribution of the product

of all toil. It has been shown times without number that the effects of these consolidations, instead of being what they SHOULD be, as above outlined, have been to reduce the value of the raw material, maintain or decrease the established wage and increase the price of the product to the public.

By protective legislation and the control of the resources of banking and credit the men who have dominated these vast organisations have been able to appropriate to themselves the huge sums which in justice belong to those whose labour has produced the raw material and created it into a finished product.

I again repeat that you cannot by any form of legislation change the operation of the great human instincts of mankind, but you can by sound legislation so govern the use of the resources which have been created by mankind as a whole as to make the appropriation of those resources by the few impossible.

Side by side with the consolidation of capital has been the great evolution in the organisation of labour ; but experience

has shown that, while capital has been able to combine so effectively that it could force the acceptance of its view, the organisations of labour have lacked, and still lack, the coherence which is essential for the enforcement of their view.

It may be taken that for all offensive and defensive purposes the capital of the world is well organised, and the control is so central and effective that it has been able to defy the world.

There is in all of the great progressive countries of the world far-reaching legislation being put forward, having for its purpose the more effective control and the wider distribution of wealth.

Some of this legislation is proposed by the representatives of the great aggregations of capital for the sole purpose of extending the present system and postponing the time when any effective control may be realised. This legislation is interpreted to the people by a Press which is controlled by capital, and it is supported by people whose associations and interests prevent them from seriously considering the adoption of the remedies which the present state of society

demands. As to the majority of all of the remainder of the proposed legislation which is seriously put forward to remedy existing conditions, it would, if carried out, effect a transference of the evils from one class to another class, instead of curing those evils.

There is nothing which cannot be accomplished by the effective organisation of the wage-earners of the world, but this organisation must be founded upon the broad principle that the power which is to-day unfairly centralised in a few hands is to be taken out of those hands, not for the purpose of transferring it to another class, but for the broader purpose that it shall not exist save under universal participation and veto.

The first great result of a universal organisation of wage earners would be to do away with the present destructive military system. If the money which is at present being wasted on Armies and Navies were to be employed in developing the natural resources of the various nations involved it would give permanent and profitable employment to every idle man in the world.

The time has come when the wage-earners of the world can and should put an end to the military programme of all nations.

Instead of submitting to the increased burdens of militarism, while useless conferences are held at The Hague and pettifogging lawyers are occupying the time of the world's Parliaments with futile discussions about arbitration and peace, the wage earners of the world should do away with militarism.

The military budgets of the great European powers are destined to inevitable increase. Germany, Russia and France will make huge additional military appropriations. Great Britain is seriously considering compulsory service, and the various colonies of the British Empire are being drawn into the Imperial naval program. The money and the men must be supplied by that vast body of patient toilers who do not want to fight, who have everything to lose and nothing to gain by war, and whose life-toil is being absorbed in a mad course which only the wage-earners can end. It is only through a world-wide organisation of these men that the military peril which

is world-wide and imminent can be disposed of.

I shall, in a subsequent book, show how this result may be attained, and that the solution of militarism is in the hands of the unorganised toilers whose will may be made supreme.

There should be formed a Brotherhood of the World's Wage-earners and they should say that before being Americans or Britons or Frenchmen or Germans, they are men, and that broadly, all their wants and hopes and interests and problems are one, and that there can be no sufficient reason given to them for inciting the common people of one country to make war upon the common people of any other country.

When there is a possibility of a European war the gold in Europe goes into its caves and hides to await the outcome. The toilers are sent to the front to risk and lose their lives in a struggle from which neither they nor their descendants can ever hope to gain anything. No matter which side wins—the masses always lose.

The trouble with the world's wage-

earners is that they are divided, and that their time is entirely occupied in a struggle against want. Because they do not receive what they are entitled to, and only a small part of the wealth which they create, they must, in order to live at all, devote the whole of their time to their toil. They do not have time either to read or to think, and they never have time to play.

It is they who constitute both the Church and the State, and they are bullied by the former and enslaved by the latter. They are, in the more enlightened countries, given the right to vote and they are told that all power rests with them.

It is true that all power is in their hands, but it is equally true that they do not use it and that they do not know how to use it, and the one chance which organised capital now has of perpetuating its present outrage upon the masses is that the masses be kept overworked, underpaid and disorganised. In five years from to-day the wage-earners of the world might be so organised that they could not only secure the peace of the world for ever, but they could emancipate themselves and all of

the generations that are to come.

To every generation is given the power to enslave itself or to free itself, and the problems of future generations can only be solved by those generations in their turn, but this generation has the opportunity to emancipate itself, and in doing so it could bequeath such vast power to all future generations that mankind as a whole might be from now on for ever free.

You cannot meet the obligations which devolve upon the millions of the future, but you can remove the greivous handicaps under which those millions may live.

The great nations of the world have created debts which they can never pay, and the interest upon which will for hundreds of years be a drain upon labour. It does not require any argument to show that this burden falls at last upon the wage-earners.

There is no wealth which does not come out of the earth, and the earth will not give of its wealth except to the ones who toil. If to-day the people who are considered rich contend that they pay a heavy toll towards this waste of wealth, and that they

are prepared to continue to pay this toll, the answer is that before they paid it they collected it from the creators of all wealth, who are the wage-earners of the world, and that in reality they only pay out a small part of what they collect.

The condition of the masses of the people throughout the world is a sufficient testimony to the patience and endurance and patriotism of the masses. The masses can always be trusted. I do not know of any instance in which they have plotted against their country, but I know of many instances in which the few have been willing to give their support and their capital to causes which were against their country.

Capital will go where it is paid to go, but men will only fight when they believe they are right.

I hope in a subsequent work to show that one of the immediate effects of a universal organisation of wage-earners would be to do away with the mediæval systems of protective tariff and the artificial barriers which legislators have erected in restraint of trade.

It is impossible to calculate the general

advantages which will result when every market in the world becomes the free market for every product of labour.

There is throughout the world an extraordinary political and social unrest. It is not directed against a particular form of government, because, while it is resulting in the establishment of republics, where Kings and Emperors have long held sway, it is, in the most democratic countries, seeking expression in ways which are not less revolutionary and which in their effect may be more far-reaching.

This new movement is the hand of destiny. It has laid hold upon the existing institutions in every part of the world, and this hold will not be loosened until the way to freedom and to justice has been found.

The ultimate power is in the hands of the people, and they can by organisation give effect to this power. On the way to this achievement they must take the steps which give them control over elected officials and the power to recall such officials. They must also do away with the great evils which attend our system of executive

appointments.

The important appointive positions in the Government Service should be under Civil Service regulations, and should not be in any way dependent upon politics or changes in the administration.

The United States is far behind the principal European nations in respect both to its diplomatic and consular service. These positions should not be political.

Our Republic carries with it the great defects of its immense virtues, but there has developed in recent years a tendency of absolutism in the executive office in America which needs to be dealt with drastically.

The system of selecting post-masters for the smaller towns has proven a success, but when the position becomes important and is accompanied by a suitable salary it should be filled as a similar position in a great business would be.

A company in which the responsible positions were held by men who entertained the same political views as its president rather than by the men who were most suitable, would be likely to fail.

The difference between a private company and the Government is that the mistakes of the Government are met by increased taxation and new bond issues, while with a private company its mistakes are usually dealt with by a receiver.

I am aware that the great positions in the Government are, on the whole, held by the best men in America, but the point I wish to emphasize is that they are occupied by men who, for the most part, are without any experience in the work to which they are called.

Their appointment depends upon their politics, their service to their party, and upon local influences which have no bearing upon the qualifications of the appointee.

I do not doubt that the president of the United States endeavours so far as is consistent with the purposes of his party to appoint the best available men for all positions, but it will not, I believe, be denied that generally speaking the policy of every new president is shaped to a great extent in such a way as to promote by all consistent means his re-election as president, and the perpetuation of his party in

power.

In a republic there are valid objections to the re-election of any man to any great office of trust or power. I would extend the presidential term to eight years; the congressional to six; the senatorial to twelve years; and all Governors of States to eight years. I would make all ineligible to re-election. I would substitute in place of primaries and conventions in which candidates are nominated, a direct nomination by the people in order that subsequently in the election the people would not be compelled to choose between two candidates, neither of whom they wish, but rather that the nomination of the candidates having been effected by popular ballot the people would be able in the election to vote upon candidates of their own choosing. At present candidates are nominated through the manipulation of State and National conventions.

I would subject all appointments to Civil Service tests and make the tenure of all office holders subject to the efficient discharge of their duties, and the rank which they might attain limited only by their own

abilities as shown in the various positions through which they might be promoted up to the principal appointment within the gift of the Government.

I would draw a definite line of distinction between the qualifications demanded of an elective position and those required by persons appointed by elected officials. The former may depend upon public sentiment which exercises its right to select its representatives, but the latter must not in any way depend upon public sentiment. I have no doubt that the taint of the desire for re-election or re-appointment is responsible for a great part of the administrative evils existing under our present system.

We have sought in the creation of our Supreme Court to follow a course which would give to every member of that distinguished tribunal the largest possible measure of independence and freedom of action. We have made the position one for life, and the salary adequate. I would apply this broad principle to all public service which is subject to executive appointment while drawing the most distinct possible line as regards all service which is elective. It is

only a step from two to three terms as president, and only one more step from a third term to a life-presidency. From that stage to dictatorship is a brief span.

That our system which makes re-election a goal for all successful candidates has not brought us to disaster is due in a large measure to the type of men who have filled the great elective positions under our Government. But the time may well come when, through the use of the machinery designed for re-election, we see established a dictatorship in America. I would not urge a radical change in our policy for the sole purpose of guarding against this contingency, but rather because every step taken in the direction of making such an event impossible is also a step towards a more rational and independent administration of our public affairs. If it were certain that the danger which I have indicated was too remote to ever arise, it still remains true that for the single purpose of obtaining the best possible service that can be secured, the changes suggested are far-reaching and sound.

If we assume, what is probably true, that

the men who occupy the great elective positions in America are for the most part the ones who have attained distinction in their life work, and who have a sincere wish to render the most effective service to the State, we must agree that they should be given the most ample opportunity of rendering such service on an impartial basis which has for its aim the soundest administration which can be obtained. In this view all of our elected officials start their service under the great handicap of party and personal interest designed to secure their succession in power. When this handicap is removed, by making re-election impossible, these officials will be free to pursue a course which has for its only object the good of their country and the efficiency of its public servants.

Until re-election is made impossible the public will not be able to command the best service which its chosen representatives can give.

I am not in favour of any programme which will do violence to the vast institutions which are the monuments of toil.

I would USE those institutions. And, in so far as that larger destiny of mankind is to be achieved, it must be realised through peaceful organisation, and a universal refusal to participate in any form of violence.

The result for the common people when they appeal to force is that they merely CHANGE MASTERS. I would have them by peaceful means, through a world-organisation, become their own masters.

No one denies that capital has the right to prescribe the conditions under which it may be employed. Labour also has this right. The difference between capital and labour is that, through organisation and through the ability to temporarily remain idle, there is given to capital the power to enforce its terms, while labour, through its disorganisation and through the insistent human necessity, which requires employment, has been unable to enforce its terms.

In the widest sense, wealth is the possession of property which can be used, and, save for a very limited amount of property, there is no use for the money of the world except in conjunction with the labour of the world and by employing such labour.

The hundreds of millions of pounds sterling which are distributed annually as interest and dividends can only be produced by the toil of millions of men, without whose labour it would be impossible to use capital or earn interest and dividends; and, apart from the great human reasons involved, it is economically right that capital and labour should be partners and that their interests should be one.

To a limited extent they are now partners, and in a small degree it is recognised that their interests ARE one; but the arrangement is in reality a partnership in which the real producers of all wealth are given only a small part of what they produce.

I would alter this partnership by peaceful means. The few men who own the capital could not and would not do the work which is necessary to be done to employ or use that capital. It is necessary that this work should be done by the masses of men who have no capital, and it remains for these men to so organise as to enable them to prescribe the terms under which they will do their share.

The problem involved for the masses is not a local or a national problem. It is a world problem. It cannot be met by local or national means, it must be met by world-wide means.

Organised labour in various countries is seeking through what may be termed "local legislation," to better and strengthen its position, but if we are to learn anything from the experience of the past, we will understand that the only basis upon which this problem may be solved is through a world-wide organisation which does not need to appeal to legislative assemblies for its protection, but which through its own might is able to settle its terms without legislative interference. Capital does not appeal to legislation. It dictates its terms.

Labour must so organise that it has the power to make these terms fair terms. The resistance which labour is now able to offer in any line is brief and localised, whereas if it were world-wide it would be irresistible.

It is not within the scope of this brief analysis to minutely discuss the steps by which the capital and labour of the world

have arrived at their present positions. There are profound reasons why a few men now have, and have always had, the control of the masses of men and of the wealth of the world.

These reasons are buried in the depths of human nature. It is not likely that they will ever change. The few are destined to rule and the many to be ruled. It is to arrive at a more just basis for the exercise of this rule that we must direct the enormous and unused power of the masses.

It is poor advice which leads the wage-earners of the world to believe that by any form of laws or any devices of organisation they can take the place and do the work of the few.

By the operation of vast natural laws, which will always transcend all human legislation, this is and forever will be, impossible, but I am convinced that there are new realms of human freedom attainable by the masses on well-founded and incontestable lines.

By tedious steps the masses have removed many of their most monstrous shackles. They have asserted their freedom of thought

and of speech. They are emerging out of the darkness of ages of mental and moral slavery. Their larger emancipation is to come.

It will be the logical effect of the great causes and the natural result of the vast forces which have impelled them to seek for decision and power within themselves. It is through the organised expression of their individual determination to be free that they must find the way to freedom.

Nothing is to be destroyed. Let no hand of violence be laid upon any of the institutions of our time. They afford the most potent machinery by which mankind may become free. They are too useful to be misused, too enormous to replace, and too well suited to human needs to be disregarded.

They are the people's institutions.

They are the common property and the common heritage of all men. They mark the steps of man's glorious march across time. They are the imperishable tokens of his grandeur, they are the children of his devotion and his genius. They are for

his use, and the larger use of the millions yet to come. They belong to those millions, and it is for this generation to bequeath them to posterity as a common heritage.

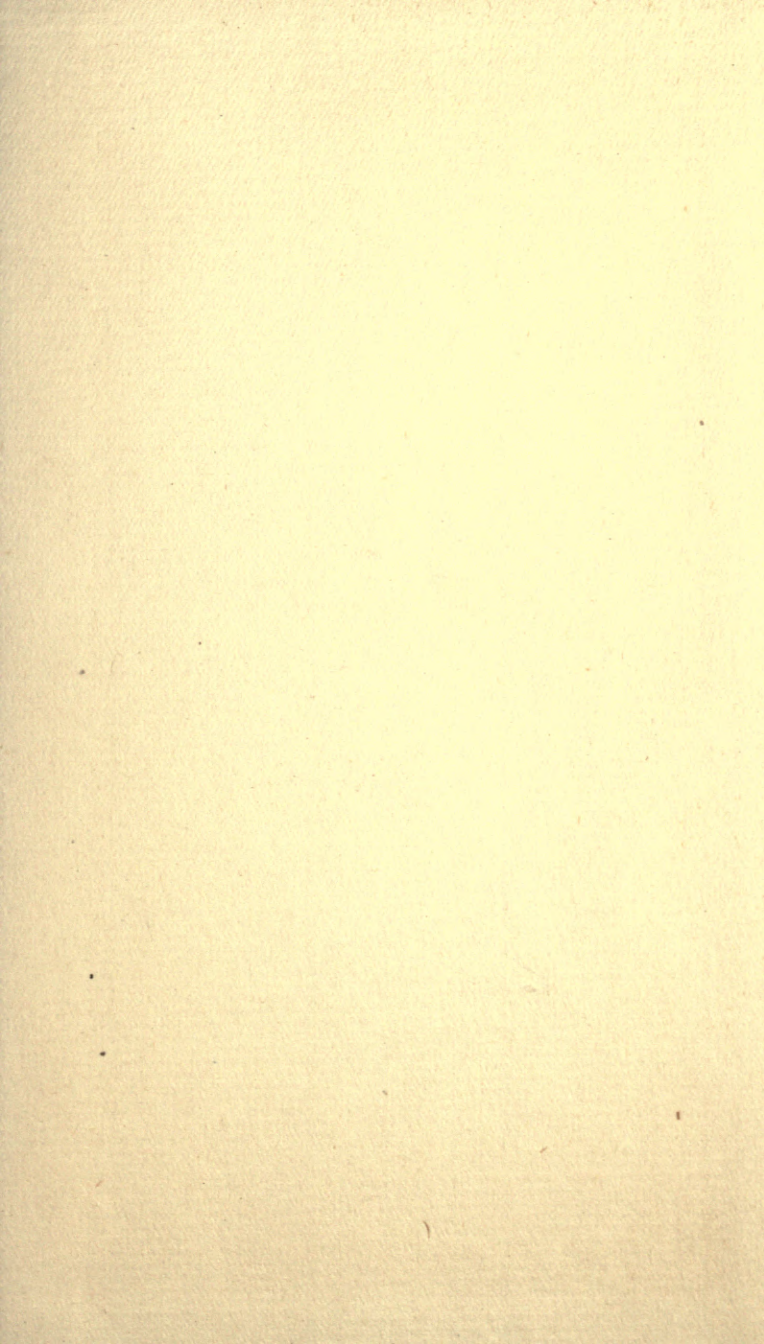
We will pass on to posterity our vast burdens.

We will bequeath to future generations the accumulated obligations and the immense glory of our age. They must deal with the problems which we failed to solve and the evils with which we are temporizing. They will inherit the noble institutions and the immense burdens which are the result of centuries of man's struggle to be free.

Our mistakes will survive us, but it is possible for us to take such advantage of our opportunity that the generations to come will be clothed with a new power which will enable them to deal with the result of these mistakes on the basis that the institutions of man belong to mankind as a whole, and that the toilers may inherit the earth.

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